



Oriental Explorer Holdings Limited

(Formerly known as Linkful International Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)

2006

Interim Report

INTERIM RESULTS

The Board of Directors of Oriental Explorer Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2006 (the “period”), together with the unaudited comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

	<i>Notes</i>	For the six months ended 30 June	
		2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000
TURNOVER	2	4,469	1,147,746
Cost of sales		(3,012)	(1,117,032)
Gross profit		1,457	30,714
Other revenue and gains	2	18,767	4,115
Selling and distribution costs		(128)	(15,096)
Operating and administrative expenses		(6,761)	(5,073)
Other operating expenses, net		—	(8,344)
Finance costs	4	(177)	(332)
Share of profits of an associate, net		944	1,072
PROFIT BEFORE INCOME TAX	5	14,102	7,056
Income tax	6	—	—
PROFIT FOR THE PERIOD		14,102	7,056
ATTRIBUTABLE TO			
Equity holders of the Company		14,102	7,056
Minority interests		—	—
		14,102	7,056
BASIC EARNINGS PER SHARE	7	0.78 cents	0.39 cents
INTERIM DIVIDEND PER SHARE	8	Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2006

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	1,260	1,675
Prepaid land lease payments	480	484
Interests in associates	85,745	84,801
Loans to investee companies	79,010	50,199
Available-for-sale financial assets	143,355	49,983
	<hr/>	<hr/>
Total non-current assets	309,850	187,142
CURRENT ASSETS		
Financial assets at fair value through profit or loss	85,991	99,358
Inventories	2,141	2,341
Trade receivables	1,290	1,576
Prepayments, deposits and other receivables	6,043	17,408
Pledged deposits	8,148	25,463
Cash and cash equivalents	1,865	19,636
	<hr/>	<hr/>
Total current assets	105,478	165,782
	<hr/>	<hr/>
TOTAL ASSETS	415,328	352,924
LESS: CURRENT LIABILITIES		
Trade payables	819	742
Other payables and accruals	14,124	10,646
Income tax payable	4,604	5,338
Interest-bearing borrowings	47,084	1,603
	<hr/>	<hr/>
	66,631	18,329
	<hr/>	<hr/>
NET CURRENT ASSETS	38,847	147,453
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	348,697	334,595
	<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES		
Equity attributable to equity holders of the Company		
Share capital	18,000	18,000
Reserves	330,697	316,595
	<hr/>	<hr/>
Total equity	348,697	334,595
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	For the six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity at 1 January:		
As previous reported as equity	334,595	298,324
Opening adjustment	—	22,494
	<hr/>	<hr/>
As restated	334,595	320,818
	<hr/>	<hr/>
Changes in equity during the period		
Profit for the period	14,102	7,056
	<hr/>	<hr/>
Total equity at 30 June	348,697	327,874
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

	For the six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	17,541	27,739
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(90,433)	(48,632)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>55,121</u>	<u>(332)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,771)	(21,225)
Cash and cash equivalents at beginning of period	<u>19,636</u>	<u>33,191</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,865</u></u>	<u><u>11,966</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>1,865</u></u>	<u><u>11,966</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 31 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ²
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-INT 8	Scope of HKFRS ³
HK(IFRIC)-INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

2. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the invoiced value of goods sold, net of discounts and returns. An analysis of turnover, other revenue and gains is as follows:

	For the six months ended 30 June	
	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000
Turnover	<u>4,469</u>	<u>1,147,746</u>
Other revenue and gains:		
Interest income	5,068	1,374
Gain on disposal of financial assets at fair value through profit or loss	8,949	1,342
Dividend income from listed investments	2,230	1,399
Fain value gains, net		
Financial assets at fair value through profit or loss	1,108	—
Others	<u>1,412</u>	<u>—</u>
	<u>18,767</u>	<u>4,115</u>

3. SEGMENT INFORMATION

An analysis of the business segments and geographical segments of the operation of the Group during the period is as follows:

(a) Business segments

	Steel trading		Electronic products		Corporate and others		Consolidated	
	For the six months ended 30 June							
	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	—	1,143,393	4,469	4,353	—	—	4,469	1,147,746
Segment results	—	10,545	(1,103)	(1,280)	(4,329)	(1,467)	(5,432)	7,798
Other revenue and gains							18,767	4,115
Unallocated expenses							—	(5,597)
Finance costs							(177)	(332)
Share of profits of an associate							<u>944</u>	<u>1,072</u>
Profit before income tax							14,102	7,056
Income tax							—	—
Profit for the period							<u>14,102</u>	<u>7,056</u>

3. SEGMENT INFORMATION (continued)

(b) Geographical segments

	Hong Kong		Thailand		Corporate and others		Consolidated	
	For the six months ended 30 June							
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	4,469	4,353	—	1,143,393	—	—	4,469	1,147,746
Segment results	(5,432)	(2,747)	—	10,545	—	—	(5,432)	7,798

4. FINANCE COSTS

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest on discounted bills	—	332
Interest on interest-bearing borrowings	177	—
	<u>177</u>	<u>332</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax was arrived at after charging the following:

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Cost of inventories sold	3,012	1,117,032
Depreciation of owned assets	216	240
Amortisation of land lease payments	4	17
Fair value losses, net		
Financial assets at fair value through profit or loss	—	8,344
	<u>—</u>	<u>8,344</u>

6. INCOME TAX

No provision for Hong Kong tax has been made as the Group had no assessable profit during the period (2005: Nil).

No provision for overseas tax has been made in respect of the subsidiaries in the PRC nor other overseas subsidiaries as these subsidiaries had no assessable profits.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period attributable to equity holders of the Company for the period of approximately HK\$14,102,000 (2005: HK\$7,056,000) and the weighted average number of 1,800,000,000 (2005: 1,800,000,000) ordinary shares in issue during the period.

Diluted earnings per share, reflecting the exercise of subscription rights under the share options granted pursuant to the Company's share option scheme, have not been presented because the share options had no dilutive effects for both the six months ended 30 June 2006 and 2005.

8. INTERIM DIVIDEND PER SHARE

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2006 (2005: Nil).

9. TRADE RECEIVABLES

	As at 30 June 2006 (Unaudited) HK\$'000	As at 31 December 2005 (Audited) HK\$'000
Trade receivables	1,505	1,791
Less: Provisions for doubtful debts	(215)	(215)
	<u>1,290</u>	<u>1,576</u>

An aged analysis of trade receivables is as follows:

	As at 30 June 2006 (Unaudited) HK\$'000	As at 31 December 2005 (Audited) HK\$'000
Aged:		
Within three months	<u>1,290</u>	<u>1,576</u>

The Group's trading terms with customers are largely on credit. Invoices are normally payable within two months of issuance, except for certain well established customers, where the terms are extended to three months to six months in some cases, subject to the approval of senior management. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2006 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2005 <i>(Audited)</i> <i>HK\$'000</i>
Cash and bank balances	1,865	3,470
Time deposits	<u>8,148</u>	<u>41,629</u>
	10,013	45,099
Less: Pledged time deposits	<u>(8,148)</u>	<u>(25,463)</u>
	<u>1,865</u>	<u>19,636</u>

The time deposits of HK\$8,148,000 (2005: HK\$25,463,000) were pledged as security for banking facilities granted.

11. TRADE PAYABLES

	As at 30 June 2006 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2005 <i>(Audited)</i> <i>HK\$'000</i>
Trade payables	<u>819</u>	<u>742</u>

An aged analysis of trade payables is as follows:

	As at 30 June 2006 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2005 <i>(Audited)</i> <i>HK\$'000</i>
Aged:		
Within three months	757	628
Within four to six months	<u>62</u>	<u>114</u>
	<u>819</u>	<u>742</u>

12. SHARE CAPITAL

	As at 30 June 2006 (Unaudited) HK\$'000	As at 31 December 2005 (Audited) HK\$'000
<i>Authorised:</i>		
20,000,000,000 (2005: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
<i>Issued and fully paid:</i>		
1,800,000,000 (2005: 1,800,000,000) ordinary shares of HK\$0.01 each	18,000	18,000

13. SHARE OPTION SCHEMES

(a) The 1993 Scheme

On 8 March 1993, the Company adopted a share option scheme (the "1993 Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the 1993 Scheme included the Company's directors, including independent non-executive directors and employees of the Group. The 1993 Scheme remained in force for 10 years from that date and expired on 7 March 2003.

The maximum number of shares over which options could be granted could not exceed 10% of the ordinary share capital in issue from time to time, excluding those shares which had been issued under the 1993 Scheme.

Under the 1993 Scheme, the directors could, at their discretion, at any time during the 10 years from the date of approval of the 1993 Scheme, grant to directors, including independent non-executive directors, and employees of the Group options to subscribe for shares in the share capital of the Company. The share subscription price of any options granted under the 1993 Scheme was the higher of 80% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date on which an option is granted and the nominal value of the shares.

Pursuant to a directors' resolution passed on 7 February 1998, options to subscribe for an aggregate of 58,500,000 shares in the Company within 10 years from the date of grant, at a subscription price of HK\$0.112 per share, were granted by the Company. None of these share options has since been exercised by the grantees.

Name or category of participant	Date of grant of share options	Exercise price of share options* HK\$	At 1 January and 30 June 2005	Exercise period of share options	Price of Company's shares at grant date of options HK\$
Directors					
Lau Chi Yung, Kenneth	7 Feb 1998	0.112	19,500,000	7 Feb 1998 to 6 Feb 2008	0.19
Others					
Tsang Pak Chung, Eddy	7 Feb 1998	0.112	19,500,000	7 Feb 1998 to 6 Feb 2008	0.19
Leung Wei San, Saskia	7 Feb 1998	0.112	19,500,000	7 Feb 1998 to 6 Feb 2008	0.19
			58,500,000		

13. SHARE OPTION SCHEMES (continued)

No share options were granted, exercised, cancelled or lapsed during the period.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's share capital.

At 30 June 2006, 58,500,000 share options remained outstanding under the 1993 Scheme, which represented approximately 3.25% of the Company's shares in issue as at that date. The exercise in full of such share options would, under the present capital structure of the Company, result in the issue of 58,500,000 additional ordinary shares of the Company and additional share capital of HK\$585,000 and share premium of HK\$5,967,000 (before issue expenses).

(b) The 2003 Scheme

On 27 June 2003, a new share option scheme (the "2003 Scheme"), in compliance with the requirements of Chapter 17 of the Listing Rules, was adopted by the Company for a period of 10 years, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2003 Scheme include any employee (including any executive and non-executive director), adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the 2003 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2003 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 days from the date of the offer upon payment of a nominal consideration by the grantee. The exercise period of the share options granted is determinable by the directors, commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the option.

The subscription price is determined by the directors, but in any event may not be less than the higher of (i) the closing price of the shares on the date of grant, which must be a trading date; (ii) the average closing price of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of share.

No share options were granted, exercised, cancelled or lapsed during the period.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

14. RELATED PARTY TRANSACTIONS

During the period, a subsidiary sold finished goods of HK\$2,286,000 (2005: HK\$1,625,000) to and purchased raw materials and parts of HK\$675,000 (2005: HK\$561,000) from a related company of Alpha Japan Limited, the minority shareholder of a subsidiary of the Group. These transactions were based on published prices and conditions normally offered by the Group to third party customers in the ordinary course of business of the Group (in respect of the sales), and offered by a related company of Alpha Japan Limited to its third party customers (in respect of the purchases).

15. CONTINGENT LIABILITIES

As at 30 June 2006, the amount of guarantees given by the Company to banks in connection with facilities granted to its subsidiaries and a fellow subsidiary was HK\$488,000,000 (2005: HK\$397,000,000).

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 15 September 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 30 June 2006, the Group recorded a net profit attributable to equity holders of the Company of approximately HK\$14 million.

STEEL TRADING

The Group did not engage in steel trading during the period under review since the management adopted a prudent approach to minimize the risk exposure of steel prices which fluctuated significantly. The management forecasted that the second-half of 2006 would still be a hard time for international steel market and accordingly, much more effort has to be devoted to explore business opportunities.

ELECTRONICS

The electronics division reported a net loss of approximately HK\$1.1 million based on a turnover of HK\$4.5 million during the period under review. In view of the continuing loss, the Group intends to seek a potential buyer to dispose of the related business.

PORTFOLIO INVESTMENTS

The Group continued to undertake portfolio investments during the period. Actually, dividend income of approximately HK\$2.2 million and net profit of approximately HK\$10 million were generated from these investments. In order to diversify investment risk, apart from the Hong Kong market, the Group also focused in the investment among Thailand, Japan and Korea stock markets.

The current financial structure of the Group implies that substantial cash balances can be generated from time to time and limited portfolio investing activities will further improve the return on cash balances and enhance the Group's profitability.

LIQUIDITY AND FINANCIAL RESOURCES

The Group principally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. As at 30 June 2006, the Group had available aggregate banking facilities of approximately HK\$488 million. The Group had interest-bearing borrowings of HK\$47 million which was secured by certain cash and securities with investment bankers. The Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$10 million.

Taking into account the available credit facilities, cash on hand and recurring cash flows from its core business, the Group has sufficient working capital for its present requirements.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2006, the Group had approximately 100 employees in Hong Kong and China. Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, contributory provident fund and professional tuition/training subsidies in order to retain competent employees.

PROSPECTS

The global economy is generally positive despite growing concerns about the impact of interest rates, oil prices, and political developments on economic growth. Hong Kong's economy is therefore expected to remain stable for the rest of the year. Therefore, the Group will continue to concentrate on organic growth while remaining attuned to market opportunities that can sustain growth and deliver a strong recurring income to the Group. We strongly believe that we have the necessary skills and expertise to enable us to work towards the goal of maximizing our shareholder's wealth through restructuring our business mix and strengthening the competitiveness of our business.

We will pay more attention on expansion and opportunities which are profitable and have a promising outlook. Whether expansion will be organically driven or by way of acquisition, we can only say it will be a calculated and measured expansion, tempered by caution.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2006, the interests of the directors in the share capital and underlying shares of the Company or its associated corporations, (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

Long position in ordinary shares of the Company:

Name of director	Nature of interest	Number of shares held	Percentage of the Company's issued share capital
Lau Chi Yung, Kenneth	Through a controlled corporation	1,020,268,999 [#]	56.68

Long position in shares of associated corporations:

Name of director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Lau Chi Yung, Kenneth	Multifield International Holdings Limited	Company's intermediate holding company	Ordinary shares	2,685,515,712 [#]	Through a controlled corporation	64.24

[#] The above shares are ultimately controlled by Power Resources Holdings Limited, which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

The interests of the directors in the share options of the Company are separately disclosed in note 13 to the condensed interim financial statements.

Other than certain nominee shares in subsidiaries held by a director in trust for the companies in the Group, no director held an interest in the share capital of the Company's subsidiaries during the period.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the share option schemes disclosures in note 13 to the condensed interim financial statements, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire such rights in any body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At the balance sheet date, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Limitless Investment Limited	Directly beneficially owned	1,020,268,999	56.68
Multifield International Holdings (BVI) Limited	Through a controlled corporation	1,020,268,999	56.68
Multifield International Holdings Limited	Through a controlled corporation	1,020,268,999	56.68
Lucky Speculator Limited	Through a controlled corporation	1,020,268,999	56.68
Desert Prince Limited	Through a controlled corporation	1,020,268,999	56.68
Power Resources Holdings Limited	Through a controlled corporation	<u>1,020,268,999</u>	<u>56.68</u>

Notes: Power Resources Holdings Limited was deemed to have beneficial interest in 1,020,268,999 ordinary shares of the Company by virtue of its indirect interests in Lucky Speculator Limited, Desert Prince Limited, Multifield International Holdings Limited, Multifield International Holdings (BVI) Limited and Limitless Investment Limited.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006.

- (a) Under the code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term and subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the Bye-laws of the Company, at each general meeting, one third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant Bye-laws, if necessary, in order to ensure compliance with the Code on Corporate Governance Practices.

- (b) Under the code provision of A.2, the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company does not at present have any officer with the title of “chief executive officer”. Mr Lau Chi Yung, Kenneth is the chairman and managing director of the Company. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to respond promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct of dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

BOARD OF DIRECTORS

As at the date of this report, the Company’s executive directors include Mr Lau Chi Yung, Kenneth and Mr Lau Michael Kei Chi; and independent non-executive directors include Mr Choy Tak Ho, Mr Lo Yick Wing and Mr Wong Yim Sum.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 15 September 2006